

State Attorneys General and State Mortgage Regulators Reach Settlement with PHH Mortgage Corporation Over Loan Issues

The Delaware Department of Justice, 48 other state attorneys general, the District of Columbia and over 45 state mortgage regulators have reached a settlement with New Jersey-based mortgage lender and servicer PHH Mortgage Corporation over improper loan servicing. Approximately 123 Delawareans are eligible for a payment as a result of the settlement.

The settlement resolves allegations that PHH, the nation's ninth largest non-bank residential mortgage servicer, improperly serviced mortgage loans from January 1, 2009 through December 31, 2012, including failing to properly apply or amortize payments, charging authorized fees for defaults, failing to maintain complete loan files, robo-signing affidavits used in foreclosures, referring matters to foreclosure improperly, losing or failing to timely process loss mitigation applications and paperwork, and other actions. The agreement requires PHH to adhere to comprehensive mortgage servicing standards, to conduct audits, and to provide audit results to a committee of states. The settlement does not release PHH from liability for conduct that occurred beginning in 2013.

"The settlement holds PHH accountable for harms homeowners suffered from improper loan servicing and shows our continued dedication to this area," Attorney General Matt Denn said. "The agreement requires new servicing standards to help ensure that PHH doesn't repeat conduct that led to improper mortgage

servicing, and to provide financial relief to aggrieved homeowners.”

Borrowers who were subjected to PHH foreclosures during the eligible period will qualify for a minimum \$840 payment, and borrowers who faced foreclosures that PHH initiated during the eligible period, but did not lose their home, will receive a minimum \$285 payment. A settlement administrator will contact eligible payment recipients, including those in Delaware, at a later date.

The settlement includes \$31.4 million in payments to borrowers, plus administrative penalties paid to state mortgage regulators (Delaware’s \$159,000 went to the state General Fund), and additional payments to the 12 state attorneys general who led the investigation and negotiations.

Deputy Attorney General Gillian Andrews handled the matter on behalf of the Delaware DOJ Consumer Protection Unit.